

New Bonanza Fares Boost Traffic; Special Group, Flat Rates Proposed

By Russell Hawkes

Los Angeles—Bonanza Air Lines officials report that excursion fares begun since April have produced an upturn in traffic volume and profits and more radical promotional tariffs will soon be adopted by the line.

Bonanza expects to introduce an area fare plan this fall which will offer passengers originating east of the Mississippi unlimited travel over Bonanza's routes at a flat rate of \$90 for 15 days or \$160 for 30 days and also has commenced selling youth fare plan reduced tickets.

After three months of experience with excursion fares, Bonanza reported these results:

- **Total originating traffic** for April-June 1961 was up 20.3% over the same period last year. The single month of June was 25% better than the preceding June.

- **Traffic in the markets** being offered excursion fares was up 121% over the same quarter last year. June alone showed a 132% increase.

- **Bonanza offered a resort excursion plan** and a commercial excursion plan. The resort excursion plan produced the biggest effect in the markets offered it—169% for the second quarter and 200% for the month of June. Traffic between commercial excursion points was up 68% for the quarter and about the same for its final month.

- **In markets not having the excursion fares**, traffic was up 11% for the second quarter. This is considerably better than the experience of local service carriers generally for that period. Bonanza's regular fare traffic increase in the excursion markets was nearly three times as great as the increase in non-excursion markets. One of the chief doubts expressed about promotional tariffs has been that they may divert traffic which would otherwise move at regular fares. Bonanza officials say these first records remove such doubts. About 42% of the traffic in excursion markets paid excursion fares.

Under Bonanza's Civil Aeronautics Board-approved youth fare plan, persons between the ages of 12 and 22 can travel at half fare if they have purchased an annual youth identification card for \$2. Bonanza Executive Vice President G. Robert Henry said the line expects immediate and wide use of the fare by students on summer vacations and servicemen based in the airline's trade area.

Bonanza is also planning a low "senior citizens" fare for people over

65 and special rates for groups of people over 65 and special rates for groups of people traveling together. The line has been offering reduced rates to clergymen for some time.

Bonanza President Edmund Converse said that he believes the success of the excursion plan proves that airlines had nearly priced themselves out of business by four fare increases in the past two years. Bonanza officials are convinced that the other promotional rates going into effect will prove equally productive. They say that traffic increases in the excursion markets have been made up of people who would not have traveled by air at regular rates and therefore were not subtracted from the traffic of competing lines.

Despite an increase in the number of seats available when the airline entirely replaced its DC-3 fleet with Fairchild F-27s, Bonanza's load factor rose from 42% to about 47%. Henry told AVIATION WEEK that he expected the subsidy needed by the airline to be reduced in the near future and said there is hope it will be the first local service to drop the subsidy completely. While no dividends are being issued to stockholders, Henry said the line is making a profit which is just about a fair return on investment.

New Routes

Bonanza is bidding for new routes in the Pacific Southwest Area Local Service Case according to Henry. Important new routes which the company hopes to win would extend service from Nevada into the San Francisco Bay area.

The company would also like to have direct service between San Francisco and Los Angeles, according to Henry. Since the line is not bidding for such a route, it seems likely that it may seek a merger with a carrier already providing this service.

The boldest of Bonanza's new tariffs is the area rate plan promotionally named "Bonanzaland". Unlimited use of the line's routes for a flat rate is admittedly illegal under the Civil Aeronautics Act but Bonanza officials are confident CAB will reduce all its past precedents and grant an exemption so that such a tariff can be filed. The law gives the Board power to grant such exemptions and its present policy is highly favorable to promotional rates. The area rate plan would be introduced for one year on an experimental basis to see if it is profitable. Henry said he expects a reasonable yield from the plan but not an unusually high one.